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Market analysis and development in Germany for a Dutch organization: a case study for 4Everyware Stocklots b.v.

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4Everyware Stocklots b.v. is a Dutch company which buys and sells surplus inventory using several channels. The company is searching for methods to achieve the growth of the organization. The management intends to realize company growth by entering new markets.

The purpose of this thesis is to determine the attractiveness of the German market. Furthermore, the purpose is to find potential business partners and acquire contact information of decision makers and buyers.

B2B buyer behaviour is discussed in the theoretical chapter and the differences between business-to-business buying and business-to-consumer buying are explored. The analysis of the German market is carried out using various theoretical approaches as base and the theory is applied to practise in the empirical study. The Ansoff Matrix explains the strategic options of the client company's products. Porters Generic Strategies outline the strategic options of the client company's, whether it should focus on costs or differentiation. Porter's Five Forces is used to determine the competition in a particular industry. The PESTEL analysis highlights the relevant political, economic, socio-cultural, technological, environmental and legal factors, affecting the possible operations in Germany. Cultural differences between the home market and target market are analysed using Hofstede's six dimensions. The SWOT analysis determines the strengths, weaknesses, opportunities and threats for the case company in the German market.

The study showed that Germany is an attractive market for the case company to operate in. Therefore, a customer relationship strategy is used to identify potential business partners. Additionally, social media communication is studied amongst German buyers to acquire information about their social media usage.

Key words case study, market analysis, market development, business-to-business buying, customer relationship management, social media in business-to-business

Table of contents

1	Introduction.....	6
1.1	Background.....	6
1.2	The purpose of the thesis.....	6
1.3	Research problem.....	6
1.4	Research approach.....	7
1.5	Theoretical approach.....	7
1.6	Framework of the thesis.....	7
2	Theoretical background.....	8
2.1	Buyer behaviour.....	8
2.2	Entering foreign markets.....	10
2.2.1	Ansoff Matrix.....	10
2.2.2	Porter Generic Strategies.....	12
2.2.3	Porter's Five Forces.....	13
2.3	PESTEL analysis.....	14
2.4	Culture.....	15
2.5	Customer relationship strategy.....	17
2.6	Social Media in B2B organizations.....	18
2.7	SWOT.....	18
2.8	Summary of theoretical discussion.....	18
2.9	Theoretical framework.....	19
3	Research approach.....	20
3.1	Case study.....	20
3.2	Action research.....	21
3.3	Quantitative methods.....	21
3.4	Qualitative methods.....	22
3.5	Desk research.....	22
3.6	Methodology.....	23
3.7	Validation and reliability.....	23
4	Empirical study.....	24
4.1	Company introduction.....	24
4.2	Origin of surplus inventory.....	25
4.3	Buyer behaviour.....	28
4.4	Entering foreign markets - 4Everyware.....	29
4.4.1	Ansoff Matrix.....	29
4.4.2	Porter's Generic Strategies.....	29
4.4.3	Porter's Five Forces.....	30
4.5	PESTEL analysis for the German market.....	31
4.5.1	Political factors.....	31

4.5.2 Economic factors	34
4.5.3 Socio-cultural factors	36
4.5.4 Technological factors	39
4.5.5 Environmental factors	41
4.5.6 Legal factors.....	41
4.6 Customer relationships	42
4.7 Analysis of the German retail and online landscape	42
4.8 Survey results	46
4.9 SWOT 4Everyware	48
5 Conclusions and recommendations	49
6 Theoretical linkage	51
7 Summary.....	51
References	52
Figures.....	56
Tables.....	57
Appendixes.....	58

1 Introduction

The first part of the thesis will briefly provide the reader with information related to the background of the company. Subsequently, the objectives will be explained. Then the research approach and theoretical approach will be explained briefly. Finally, the framework of this thesis will be expounded. This framework will show the order of chapters, and what is included in these chapters.

1.1 Background

During the search for a suitable internship, the researcher came in contact with 4Everyware Stocklots b.v. from The Netherlands. The client company had several options available for conducting research for an intern. One of the options was to do research for the German market. The company wanted to develop their operations in Germany by building new customer relations. As strategic market development perfectly suits the researcher's studied curriculum and his professional interests, he chose to take this chance and deepen his knowledge about this topic.

The choice of doing research in the German market is also based on future job opportunities, since in terms of economics Germany is highly important to the researcher's home country. Germany is by far The Netherlands' largest trading partner.

The client company 4Everyware Stocklots, believes that there is a major opportunity for the company to expand their operations in Germany. By selling unexpectedly to German companies in the past, the company realized that there might be more possibilities to expand in Germany. By expanding in foreign markets, the client company can purchase in larger amounts, which can result in a lower price per product.

1.2 The purpose of the thesis

The purpose of this research is to determine whether the German business-to-business market is suitable for 4Everyware Stocklots b.v. or not. Furthermore, the purpose is to find potential business partners and acquire contact information of decision makers and buyers. As a conclusion the author is to make a proposal to develop long term relationships.

1.3 Research problem

To achieve the aforementioned purposes, research questions were set up. This study contains two research questions. The research questions are as follows:

- 1) Is the German business-to-business market attractive for 4Everyware's products?
- 2) What kind of customers are interested in 4Everyware's products and how should they be approached?

1.4 Research approach

The problem is approached with several research methods. The overall research type is a case study. The motive of choosing the case study approach, is that the researcher had access to internal sources during his internship. Within the case study, qualitative and quantitative methods have been used. Qualitative research included desk research. By doing desk research, available information from internal and external sources have been collected. Quantitative research included a survey, conducted at a business-to-business exhibition.

1.5 Theoretical approach

The study is supported by multiple theories. Firstly, the buyer behaviour in business-to-business organizations have been discussed. Secondly, strategic directions an organization can choose are explained using the Ansoff Matrix and Porter's Generic strategies.

Thirdly, external factors are being discussed. The factors that can influence competition are discussed using the Porter's Five Forces theory. Additionally, the external factors that affect, or might affect the operations in a certain market are explained using a PESTEL analysis. After that, culture is discussed using the six dimensions of Hofstede.

Then, theories for market development are explained. Customer relationship management and social media in business-to-business organizations are being discussed. Finally, strengths, weaknesses, opportunities and threats are discussed using a SWOT analysis.

1.6 Framework of the thesis

The study is divided into seven chapters. The first chapter is an introduction to the topic and client organization. In this chapter the purposes, research problem and the approach to the topic are described.

The second chapter consists of a theoretical discussion. This chapter supports the empirical study that can be found in chapter four. The main parts of the theoretical background include business-to-business buying behaviour, PESTEL analysis, Porter's theories, Customer relationship management strategy and SWOT.

In the third chapter, the research approach is explained more in detail. The purposes and strategy are described. In this chapter, the chosen methods are explained in detail and why they are valuable for this study.

The fourth chapter is the empirical study. The chapter takes-off with a comprehensive company introduction. Results of the research methods are presented, and the theory described in chapter two is applied to the client company or German market.

In chapter five, recommendations and conclusions are expounded, based on the theoretical background, research conducted and the empirical study.

Chapter six explains the connection between the theory and the empirical study. It describes how the theory was applied into practise.

Chapter seven is the last chapter. It consists of a summary of the whole study. Additionally, some final words can be found in this chapter.

2 Theoretical background

2.1 Buyer behaviour

Organizations that operate in the business-to-business field differ in numerous ways from organizations that operate in the business-to-consumer field. B2B organizations deal with fewer, but larger customers. That is the reason that a close relationship is important. A B2B organization has to deal with professional buyers (Hollensen 2014). Peppers & Rogers (2001) describe how it is important to create relationships within the customer's organization, since there are individuals that have an influence on the decisions that are being made (Peppers & Rogers 2001).

Business-to-business buying behaviour differs from consumer buying behaviour. Consumer buying behaviour consists of the following steps: Problem recognition, information search, evaluation of alternatives, purchase decision and post purchase evaluation. The process in business-to-business buying includes the following steps: identification of the needs, establish specifications, identify vendors, evaluate vendors, select vendor, purchase negotiations, post purchase evaluation. In addition to the different processes, in business-to-business buying the deals are larger, and more technical knowledge is required than in business-to-consumer buying. One can see at an eye glance that the B2B buying process is more complex than the B2C buying process. Not only B2B buying includes more steps, also the steps are more comprehensive (Clow & Baack 2013).

There are five roles in a buying centre: users, buyers, influencers, deciders, and gatekeepers. The users are the actual employees in an organization who will use the purchased goods or services. Buyers are the employees who have the responsibility to buy the goods or services. Influencers are the persons who create purchasing decisions and analyse alternatives. Deciders are the individuals who authorize the purchase. Gatekeepers control the information flow to all the members of the buying centre (Clow & Baack 2013).

The decision-making process depends on the type of purchase the prospect is planning to make, the so-called buy classes. There are three types of buy classes: new buy, straight rebuy and modified rebuy (McDonald & Woodburn 2007).

The prospect is interested in a new category, which they have not bought before. In this class, it is important that all the requirements of the decision makers are met. When a new buy occurs, it takes time to proceed from the discussions to the contract closure (McDonald & Woodburn 2007).

A straight rebuy can occur, when the selling organization has had a chance to demonstrate how the customer can benefit from the product. In case the buying organization is satisfied with the product and associated service as handling, delivery, billing, and aftersales, a straight rebuy can follow. In this case it is not needed to start discussions, since the buying organization knows what they can expect from the selling organization (McDonald & Woodburn 2007).

In case of a modified rebuy, the selling or the buying organization wants to update or change the product. The selling organization might want to sell a renewed product, or have other alternatives for the buying organization. It is also possible that the buying organization requires an adjusted product. In case of a modified rebuy, the account manager discusses with the decision makers of the buying organization and agrees on the modified rebuy (McDonald & Woodburn 2007).

To create a better relationship between the two organizations, it is useful to discuss with the customer about the rebuy. When the customer intends to do a straight rebuy, there can be things to improve. Possibly, there are factors that can be changed to make the experience even better than before. The better the selling organization is able to fit the needs of the buying organization, the more committed the buying organization will become (McDonald & Woodburn 2007).

2.2 Entering foreign markets

The most important reason for internationalization is eventually earning money. However, often there are numerous other reasons when an organization decides to internationalize. When the decision of internationalizing is made, it is likely that there are found multiple reasons for this choosing this strategic direction. These reasons can be reactive or proactive. Proactive motives include: Profit and growth goals, managerial urge, technology competence, foreign market opportunities, economies of scale and tax benefits. Reactive motives include competitive pressure, the domestic market is small and saturated, overproduction, unsolicited foreign orders, extend sales of seasonal products, and proximity to international customers (Hollensen 2014).

When an organization decides to enter a new market, it has to decide in which legal form it will establish their operations. There are numerous ways to enter a foreign market. The most approachable method is exporting. Exporting can be divided in direct exporting, indirect exporting and cooperative exporting. Other widely used market entry strategies are: joint venture, licensing, franchising, contract manufacturing, strategic alliance, foreign direct investment, and acquisition (Hollensen 2014). All the market entry modes have their advantages and disadvantages. There is no ideal market entry strategy. Often a company combines several modes to enter or develop a foreign market (Petersen & Welsch 2002, cited in Hollensen 2014).

In case of indirect exporting, the organization does not take care of the exporting activities by themselves. Instead, this could be an export house or trading company. In case of direct exporting, the organization takes care of documentation, delivery and pricing policies by themselves. The products are sold to agents and distributors. Cooperative export: There is a cooperation with another organization concerning the exportation of the goods (Petersen & Welsch 2002, cited in Hollensen 2014).

2.2.1 Ansoff Matrix

McDonald and Meldrum (2013) describe the Ansoff Matrix as an analytical marketing tool. Since the Matrix is a 2 x 2 grid, the options can be seen at a glance. All the strategic directions an organization can follow are represented in the Ansoff Matrix. Ansoff distinguishes new markets from existing markets, and existing products from new products. This results in a 2 x 2 grid (McDonald & Meldrum 2013).

When existing products are being offered in existing markets, market penetration is the chosen strategy. While developing a strategy, an organization should first think of the existing

product and market relationships. A way to achieve higher revenues is to attract new customer with similar needs as existing customers. This strategy can be used in growth markets, since there are a lot of new potential customers. In mature markets, the way to achieve higher sales is to persuade customers to purchase from a certain organization, instead of the competitors. Another way to increase sales is to convince the customers to use more of the product an organization sells. Finally, an organization can increase its revenues, by increasing the productivity and reduce costs (McDonald & Meldrum 2013).

The market development strategy is chosen when an organization wants to launch existing products in new markets. This strategy typically occurs when an organization expands their domestic operations to foreign countries. The organization needs to find customers with similar needs in these foreign countries. Using the market development strategy, the organization can use their experience to supply the product (McDonald & Meldrum 2013).

In case the strategy product extension is chosen, new products are offered in existing markets. Using this strategy, an organization offers new products to existing customers. An example of this strategy is supplying new products that are closely associated with the product that the customer already purchases from the organization. Another way this strategy can be used is to identify additional customer needs. The customer might also be interested in other categories that the selling organization has to offer (McDonald & Meldrum 2013).

When diversification is used, new products for new markets are launched. Diversification is seen as the riskiest strategy, since the company cannot use their knowledge about the product, nor the market, since they are both new. Therefore, out of the four expansion types, diversification is most likely to fail compared to the other strategies. An organization can reduce the risk to first choose for new products on existing markets, or existing products on new markets. By choosing these strategies first, the organization can gain experience and will reduce the risk of failure (McDonald & Meldrum 2013).

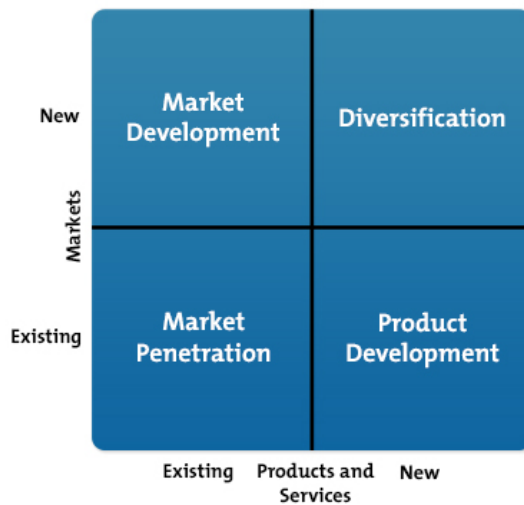


Figure 1: The Ansoff Matrix
(Mindtools no date)

2.2.2 Porter Generic Strategies

According to Porter, there are four generic strategies an organization can pursue a competitive advantage with. The four strategies are as follows: cost leadership, differentiation, cost focus and differentiation focus (Learn Marketing no date).

When using the cost leadership strategy, an organization aims to have the lowest costs and offer a cheaper product or service than its competitors. In case the differentiation strategy is chosen, an organization chooses to concentrate on design, quality, innovations, brand name and makes a clear selection of the channels they sell to. When the differentiation focus strategy is chosen, the organization chooses to concentrate on a specific market segment. Using this strategy, an organization aims to gain deeper knowledge and acquire competitive advantage. The last strategy is cost focus. Using this strategy, a company can achieve competitive advantage by focusing on a certain market. Because of the knowledge and adjusted products the organization can keep costs low (Learn Marketing no date).

An organization should prevent to be 'stuck in the middle'. In case an organization is in this situation, it has not a clear strategy. Porter created this concept in 1980, and currently critics opine that not necessarily one strategy has to be chosen. Critics state that a combination of strategies might work better in certain cases, for example when market conditions are changing (Learn Marketing no date).

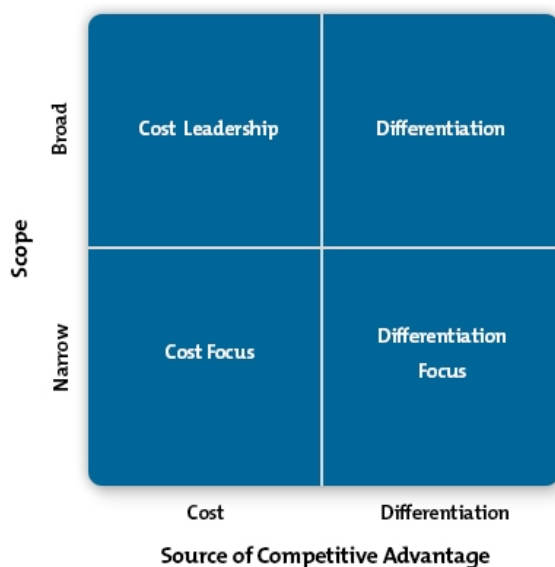


Figure 2: Porter's Generic Strategies
(Mindtools no date)

2.2.3 Porter's Five Forces

Using Porter's Five Forces, an organization can get an insight of the competitive position. Porter's Five Forces analysis can be seen as an addition to the PESTEL analysis, since PESTEL does not cover an internal- or competition analysis. To also cover these parts, Porter's Five Forces analysis can be used (McDonald & Meldrum 2013).

The Five Forces include: market influence of suppliers, market influence of buyers, potential new entrants, threats from alternative technologies, intensity of competition in the market (McDonald & Meldrum 2013).

The market influence of suppliers describes if the prices suppliers use can be increased easily. An important factor in this case is the amount of suppliers available. In case there are only a small number of suppliers, it is easier for the supplier to increase the price. In this case, the supplier's product is unique and it is not easy to change to another supplier (Mindtools no date).

The amount of influence buyers have on the market, depends on the amount of buyers. If there are only a few buyers, they have more power to drive the price downwards. In addition to that, the importance of a buyer is important (Mindtools no date).

The threat of new entrants depends on the barriers there are to enter the specific market. In case there are not many barriers, like investments, time and technology, it is relatively easy

to enter the market. This weakens the position of established organizations in the market (Mindtools no date).

The threat of substitution is severe when customers can find other ways to achieve their goals as they do with the product the organization offers. In case it is easy to replace the product the organization supplies, the power of the supplier is weaker (Mindtools no date).

When there are a lot of competitors, a buyer has more power. A buyer can simply move to another supplier when it is not satisfied with the offered deal. The power of the organization has, also depends on the competences and attractiveness of its competitors (Mindtools no date).



Figure 3: Porter's Five Forces of competition (Mindtools no date)

2.3 PESTEL analysis

A PESTEL analysis describes relevant political, economic, socio-cultural, technological, environment and legal factors for a certain market. In many cases, one could create an enormous list of all the factors that could possibly affect the chosen strategy, but in order to keep the analysis clear, only relevant and major factors should be included in the PESTEL analysis. The outcome of a PESTEL analysis should be a framework consisting of the most important factors that can affect the business in a positive or negative way (Lynch 2009).

The PESTEL model is used for analysing the macro economic situation. The analysis results in a list of influences on the success or failure of a strategy. The factors included in the six categories of the PESTEL analysis are often closely connected to each other (Johnson, Whittington & Scholes 2011).

Political factors describe the role of governments. Economic factors refer to macro-economic factors such as exchange rates, business cycles and differential economic growth rates around the world. Social influences include changing cultures and demographics for example ageing populations. Technological influences refer to innovations such as the internet, nanotechnology or the rise of new composite materials. Environmental stands specifically for 'green' issues, such as pollution and waste. Finally, legal factors embrace legislative constraints or changes, such as health and safety legislation or restrictions on company mergers and acquisitions (Johnson et al. 2011).

According to Johnson et al. (2011), it is important to find key drivers for change rather than create a multitude of details. "Key drivers for change are the environmental factors likely to have a high impact on the success or failure of strategy" (Johnson et al. 2011). The PESTEL analysis seems to be useful when analysing the macro economic issues that can affect the success in a new market (Johnson et al. 2011).

2.4 Culture

To be successful in a foreign market, it is important to know about the cultural differences between the home market and a foreign market. Behaviour that is very usual in the home market can be experienced as strange and uncommon in a foreign market. Therefore, it is of vital importance to learn about the foreign market's culture and cope with it. The foreign culture should be respected and the organization should adapt it (Hofstede, Hofstede, & Minkov 2010).

Geert Hofstede (The Hofstede Centre 2015) examined in his study how the culture in different countries is constructed. Hofstede determined six different cultural dimensions: Power distance, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty avoidance, Long term orientation versus Short term orientation, and Indulgence versus Restraint. These dimensions have different scores in the countries, which makes cultural differences insightful per country (The Hofstede Centre 2015).

According to Geert Hofstede (Hofstede et al. 2010) the "Power distance" is defined as follows: "... the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" (Hofstede et al.

2010). Power distance describes the equality in a culture. Cultures with a high score on Power distance have more inequalities (The Hofstede Centre 2015).

The second dimension Hofstede describes (The Hofstede Centre 2015) is Individualism versus Collectivism. The score in this dimension describes the extent to which individuals are integrated in groups and how they behave in groups or individually. The score of Individualism is high when content is more important than the relationship. In countries with a high Individualism score, people give their honest opinion, even when that might lead to conflicts. In individualistic cultures, one's status is determined by their own performance. Collectivism characteristics include avoiding conflicts, shared responsibility and implicit communication (The Hofstede Centre 2015).

Masculinity versus Femininity is the dimension which describe the fundamental issues what motivates people. Feminine cultures tend to show consideration to others and modesty is important. Feminine cultures are typically known for having a lot of attention for emotion of others. In masculine cultures assertiveness, power dominance and results are important (The Hofstede Centre 2015).

Cultures with a high uncertainty avoidance tend to have a lot of laws and regulations. People within these cultures want to have certainty about work and financial issues. Cultures that have a low Uncertainty avoidance are recognised by accepting different opinions. In these cultures divergent behaviour is accepted and appreciated (The Hofstede Centre 2015).

The dimension that shows if a culture focuses on recent future or far future is called Long term orientation versus Short term orientation. People within cultures with a long term orientation tend to plan ahead a lot, save money and are worried more easily. Short term orientation is characterised by respect for traditions and avoiding losing status (The Hofstede Centre 2015).

The last dimension, which is called Indulgence versus Restraint, measures the extent to which a culture is able to provide personal wishes of individuals. Restrained cultures have strict social standards in which the pursuit of ambitions is regulated and discouraged. Indulgent cultures tend to have a positive attitude and positivism. Indulgent cultures find leisure time important (The Hofstede Centre 2015).

This sub chapter will be included in the PESTEL analysis in the empirical study. The results can be found in the socio-cultural factors of the PESTEL analysis.

2.5 Customer relationship strategy

Peppers & Rogers (2001) have created a four-step process for creating and cultivating better customer relationships. The four steps include identifying, differentiating, interacting and customize (Peppers & Rogers 2001).

To be able to create a customer relation, it is necessary to identify the customer. People within the organizations who have an influence and make decisions should be identified. When creating a B2B-strategy, the first step should involve collecting names, telephone numbers, email addresses, and job responsibilities. Greenglass, as cited in Peppers and Rogers (2001), states that there are three different types of information that needs to be collected about the organization and individuals: firmagraphics, demographics and infographics. Firmagraphics includes general business information like amount of employees, turnover rates and other business descriptors. Demographics include information about individuals working in the organization. This information includes gender, age and other personal information. When collecting infographics, one should find an answer to: How does the contact prefer to receive information? What kind of communication is preferred (Peppers & Rogers 2001).

After the customers have been identified, the next step is to differentiate them. None of the customers are the same. Customers are different in two ways: It differs per customer how valuable they are for the organization and they differ in what they need from the supplying company. Customers can be differentiated into groups: Most valuable customers, most growable customers and not profitable (Peppers & Rogers 2001).

When interacting with a customer, the organizations should start where they stopped it last time. It does not matter if the last conversation has taken place recently or longer ago. This way of communicating makes the relationship more complex and it is more difficult to start all over again with another organization (Peppers & Rogers 2001).

The last step of the process is customizing for the customer. Customizing the products or services can meet the needs of the customers even better. Listening, learning and remembering is of vital importance when an organization wants to offer customized solutions for the customer. A customer specific strategy can be created. Questions that have to be answered in this strategy include: What does the company wants to achieve with this customer, and how (Peppers & Rogers 2001).

Currently, there is plenty of information available on the internet. Finding out useful information about a prospect is called pre-call research. It is important to know something about the prospect and how to bring value to the conversation. Social Media can be used for this.

75% of senior executives have taken an appointment or attended an event after an unexpected sales call. In the past, cold calling was used to approach potential customers. Cold calling is trying to sell something by phone to someone unknown without conducting pre-research (Krogue & Richard 2013).

Social media are useful to find out which people are on a certain position within an organization. That is how one can get to the right person at once. Internet can be used to find out more about the company. Company size, products and services, locations, and other relevant information can be found (Krogue & Richard 2013).

2.6 Social Media in B2B organizations

The marketing objectives are the same for B2B organizations as for B2C organizations. The objectives are likely to be: increasing awareness, reinforce brand values, improve reputation, boost sales and develop the relationships. B2B businesses are likely to share knowledge to impress customers with their expertise (McDonald & Meldrum 2013). By creating content, the online visibility of the organization can be increased.

As mentioned before, social media can also be used to gain knowledge about an organization and its employees. There is a lot of information available on professional social platforms like LinkedIn. A tool to quickly search for employees within an organization is the LinkedIn Sales Navigator (LinkedIn 2015).

2.7 SWOT

A SWOT analysis shows the strengths, weaknesses, opportunities and threats of an organization. The SWOT can be done organization-wide, or for a specific part of the organization. Analysing the results of previous models and theories can fill in the SWOT. Strengths and Weaknesses come from within the company. The company itself is responsible for these factors. Opportunities and Threats come from outside the company. The company does not have an influence on these factors (McDonald & Meldrum 2013).

2.8 Summary of theoretical discussion

The presented theory explains several theories that can be used as a tool to analyse a market and develop it. The used theories are considered essential by the author to gain an understanding about market analysis and the development of a market.

The buyer behaviour in business-to-business differs from the business-to-consumer buyer behaviour. Therefore, it was useful to outline those differences. It is important to understand the differences, since the processes an organization uses should be adapted to the situation.

When an organization has internationalization plans, it has to make a decision on which strategy it will choose. By using Ansoff's Matrix, an organization can choose whether it wants to expand to existing or new markets, and if it wants to offer new or existing products. In addition to Ansoff's strategies, Porter's Generic Strategies can help an organization to choose a strategy concerning low costs, or specializing on certain areas. These two theories assisted the author to identify the possible strategic directions an organization can choose. The theories can be used to make strategic decisions which can affect the operations of the organization.

Before entering a market, the external factors in a certain market should be identified. In this study, this is covered with a PESTEL analysis. Analysing the macro-economic environment helps to identify external factors in a market on which an organization does not have an influence on. External factors concerning competition were included in the theory by describing Porter's Five Forces of competition. Using this theory, the author was able to identify the factors that can affect the competitive position of an organization.

Customer relationship management has been discussed briefly, since it is essential for a company to determine what it wants to achieve with a certain customer. For creating new customer relations, it is important to identify, differentiate, interact and customize.

Social media was discussed to get an insights for which purposes it is being used in business-to-business organizations. The purposes seem to be equal, but business-to-business organizations tend to put more emphasis on impressing others with their knowledge.

The SWOT analysis was outlined briefly, since it is a method to identify strengths, weaknesses, opportunities and threats for an organization or a certain part of an organization. Strengths and weaknesses can be influenced, opportunities and threats cannot be influenced by an organization.

2.9 Theoretical framework

The theoretical framework is divided in two parts. The first six methods are theories to analyse a market and what should be taken into account when internationalization is being considered. The second part is the market development, which describes how the potential customers should be approached. The last method is a SWOT analysis.

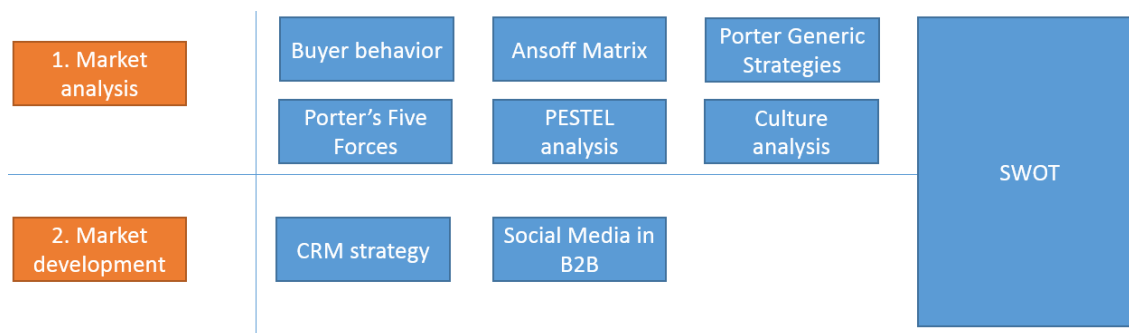


Figure 4: Theoretical framework

3 Research approach

According to Saunders, Lewis and Thornhill (2009) the characteristics of research are: a systematic data collection, a systematic interpretation of data and a clear purpose. Research is done to find out things in a systematic way, thus increasing knowledge about a certain topic. A research can be defined as systematic when the research includes explanation of the chosen methods to collect data, explanation of the results, explanation why the results are meaningful, and the limitations of the results. 'Finding out things' can be achieved when there is a clear purpose and when there are a number of research questions to answer (Saunders et al. 2009).

3.1 Case study

A case study is a strategy for doing research that involves an empirical investigation of a certain event with various sources of proving it (Robson 2002, cited in Saunders et al. 2009). There are various ways to collect data when executing a case study. These methods include questionnaires, interviews, document analysis and observations. By executing a case study, it is possible to present complex business issues in an accessible and practical format (Eriksson & Kovalainen 2008).

As shown in the figure below, there are four types of case studies. Yin (2003) as cited in Gray (2009) distinguishes single case designs from multiple case designs and single units of analysis from multiple units of analysis. In the single case-holistic case study, one single case is examined for an entire program. This type of case study is chosen when a researcher has access to sensitive or secretive information. The single case-embedded case study, type 2 in the figure below, analyses a number of units in the total program. Type 3, the multiple case-holistic case study, is used when multiple cases are analysed, and their whole program is analysed. Finally type 4 is used when multiple cases are analysed, and units within the program are analysed (Gray 2009).

Figure 6. Basic Types of Designs for Case Studies

	<i>Single-Case Designs</i>	<i>Multiple-Case Designs</i>
<i>Holistic</i> (single level/unit of analysis)	Type 1	Type 3
<i>Embedded</i> (multiple levels/units of analysis)	Type 2	Type 4

Figure 5: Types of case studies
(Yin 2003, adapted by Gray 2009)

3.2 Action research

An action research does not only include research. It includes also being part of the process. A close collaboration is needed to be able to get new insights for both the organization and the researcher. Action research is problem-oriented and should yield empirical testable propositions. The main purpose of action research is to make the organization aware of unknown facts and make recommendations to cope with those facts. “In action research, researchers are often seen as outside facilitators who brings change to an organization, and who also promote reflection over the change, and finally do research on this specific case” (Eriksson & Kovalainen 2008).

3.3 Quantitative methods

Quantitative research results in quantitative data and focuses on numerical data. Amongst others, surveys and structured observations are quantitative methods. Data collected through quantitative research can be analysed using software like SPSS or Microsoft Excel. Statistics and mathematical analysis have an important role when analysing quantitative data. Quantitative research methods typically results in graphs, diagrams and tables to make results insightful easily (Saunders et al. 2009).

Conducting surveys is a popular research method, since they allow to gather a large volume of data. Surveys typically answer who, where, what, how much and how many questions. There are several ways to conduct a survey. Surveys can be self-administrated, interviewer-administrated or phone-administrated. When the self-administrated survey is chosen, the questions are being send by mail, email or through social media to the participants. The interviewer-administrated approach occurs when there is a face-to-face contact. The researcher asks the questions personally to the participants. The phone-administrated method is chosen when the

questions are asked through the phone or new media like Skype and FaceTime (Saunders et al. 2009).

3.4 Qualitative methods

Qualitative research is subjective and based on interpretations. The outcome of qualitative research is not about numbers and facts. Qualitative research should give an answer to why a certain fact is occurring, and how. Qualitative data is non-numerical data or data that has not been quantified. Qualitative research is explanatory and is used to go deeper into a certain topic. Qualitative methods include interviews, literature reviews, observations, and case studies. To increase the reliability, qualitative research is often done in combination with quantitative research. Qualitative data can be analysed by summarising, categorisation and structuring (Saunders et al. 2009).

Interviews can be used to acquire qualitative data. In many cases, an in-depth interview is used. The interviewer does not have a clear structure, and the answers of the interviewee depends on the next question. Typically, a more detailed answer is asked and the 'how' and 'why' questions are important in an in-depth interview (Saunders et al. 2009).

Another widely used method of qualitative research is a literature review. In the event of a literature review, a detailed and justified analysis is created. Also commentary is included in a literature review, to show the familiarity of the research topic (Saunders et al. 2009).

Observations can both be a qualitative and quantitative method, since there are two types of observation. When pursuing participant observation, one's aim is to determine the meanings people connect with their actions. This type of observation is a qualitative research method. Structured observation is a quantitative method. This type of observation focuses on the frequency the certain action occurs (Saunders et al. 2009).

3.5 Desk research

Desk research, also known as secondary research, is the analysis of the available data that can help to solve a problem. The results of desk research are often not the complete answer to the problem. Collecting secondary data can help to spot trends, developments and give an insight in the structure of a certain topic. Desk research often consists of two sources; internal and external sources. Internal sources in an organization can include sales reports, administration and management information systems. External sources include statistical sources, market information and literature (Hague, Hague & Morgan 2013).

3.6 Methodology

The chosen approach in this study is a single, holistic case study. The case study approach is chosen since the researcher had access to the organization's internal data including a customer relationship management system and communication with employees. However, the client company decided not to provide exact numbers concerning, for instance, customer turnover and annual turnover. By being active in the organization, the researcher not only did a study for the organization, but also aimed to find solutions for the organization. Therefore the research approach can also be seen as action research.

The study has been carried out using both qualitative and quantitative methods. Qualitative methods are carried out in the form of desk research and experiences at the client company. Quantitative research has been used by executing a survey.

Since the researcher had access to existing data, desk research was used to analyse this data. Desk research was used to analyse existing customers and their buying behaviour. Using existing internal sources, the researcher was able to identify potential customers. Another internal source used is experience of employees. By having a discussion with his supervisor once a week, the researcher gained valuable information about the organization and the industry it operates in. External sources were used during the desk research for analysing the German market.

A face-to-face survey was carried out using a questionnaire at a business-to-business fair in Eindhoven, The Netherlands. The survey conducted was created in cooperation with the manager of operations of the client company. After the questions had been decided and accepted, the survey was conducted at the exhibition on 24th of June 2015. Due to the lack of contact moments with potential customers, it was decided that a one moment questionnaire would be the most suitable way to gain information. 30 respondents were found this day, of which 15 useable for the German market. All the respondents represent a company. With limited data available, recommendations were made concerning social media and language issues. Despite the amount of respondents was low, the client company values the results, since the 15 useable respondents, represent 15 companies in Germany. Due to financial restrictions, it was not possible to meet potential customers in Germany.

3.7 Validation and reliability

According to Saunders et al. (2009), validity measures the degree to which the data collection method or methods are accurate and measures if the collected data was the data that was intended to measure. The aim of validation is to determine if the researcher's objectives are

achieved (Saunders et al. 2009). Cronbach, as cited in *Social Research Methods* (2006), describes four types of validity; content validity, construct validity, predictive validity and concurrent validity. Content validity is created when the researcher is able to show that the research is a sample of a universe. Construct validity is described as the degree to which sub aspects cover an extensive concept. Predictive validity is the extent to which the measure method is able to predict an outcome. This type validity is only relevant when a measuring method should provide a prediction. Concurrent validation measures the extent to which several factors correlate which each other simultaneously (*Social Research Methods* 2006).

Reliability is the degree to which data collection method or methods will create consistent findings. Reliability describes if similar observations would be found by other researchers and if researchers would have similar conclusions (Saunders et al. 2009). Cronbach, as cited in *Social Research Methods* (2006), describes four types of reliability; equivalency, stability, interrater reliability and internal consistency. Equivalency in reliability describes the extent to which two items measure identical concepts at an identical level of difficulty. Another term for stability reliability is re-test reliability. This type of reliability is a repeated test to measure the reliability of a certain observation. Interrater reliability is the extent to which respondents give consistent answers. The last reliability type is internal consistency. It refers to the reliability estimation that is used for a single measurement instrument conducted to respondents on one occasion to measure the reliability (*Social Research Methods* 2006).

Of the described reliability types, this study uses the internal consistency reliability. The used sources in the study comes from the several sources within the client company. Therefore, the results are assessed as reliable. In addition to that, the outcome of the survey has been filtered so that only the German companies are included in the results. This gives a reliable insight on the opinion of those companies, although the amount of respondents was low.

4 Empirical study

In this part of this paper, the empirical study will be presented. After a comprehensive company introduction, the described theories in the theoretical background will be applied to the client company. The results of the conducted research will be presented. After this chapter, conclusions and recommendations are made for the client company.

4.1 Company introduction

4Everyware is a partner in residual stock for manufacturers, loyalty companies and insolvent companies. 4Everyware is a wholesale in stocklot products. A specialization within wholesales

is stocklot trading. The company buys and sells residual stock from companies in European countries and exports them all over the world.

The organization has about ten years of experience in the industry and has been growing rapidly during the financial crisis. Between 2008 and 2012, annual growth rates of 20% were normal. After 2012, the growth started to normalize and in 2013 and 2014 the growth was approximately 6%. The organization has a broad network of selling and buying parties all over the world, but mainly in Europe and North Africa. The client company is planning to operate in even more foreign markets, such as Germany, The United Kingdom and Eastern Europe. For this purpose, a research was carried out for the German market.

Like any other organization, 4Everyware has larger and smaller customers. The company's largest clients include: Auchan (France), A.S. Watson (Netherlands), Rusta (Sweden) and TJX (several countries in Europe).

4Everyware is a leading player in the market. Being innovative is one of the key advantages they have compared to their competitors. 4Everyware was the first Stocklots company that has a mobile application available in four languages. By being innovative, the company distinguishes itself, to offer their customers the highest possible convenience. With the app, customers and potential customers can see the current stocks available. The application is connected to the web shop. Sales representatives can also use the application. The sales person has access to even more detailed information about the products.

4.2 Origin of surplus inventory

Usually the process from the manufacturer to the end consumer only has three steps. The product produced in the factory is sold, for instance, to a retail company and ends up in a store. A consumer purchases the products and is the end user. Naturally there are also other processes before the materials arrive in the factory, but the processes before manufacturing are not relevant in this case.



Figure 6: Product movement in normal cases

However, when there is residual stock at the manufacturer, a stocklot trader can be contacted to buy the surplus inventory. The buying of this residual stock is done with reduced prices. After all, the stocklot trader helps the manufacturer to get rid of unwanted stock. The stocklot trader sells the stock to e.g. a retail company and the products end up in a store. A

consumer will buy it and is the end user. In this scenario there is an extra player in the process, but the product is still cheaper for the end consumer. This working method makes it possible for stores to offer their customers premium brands for a discounted price.



Figure 7: Product movement in case of surplus inventory at manufacturer

Loyalty programs' aim is try to improve the customer loyalty for a certain company. Loyalty companies specialize in these programs and offer these to retail organizations. The idea is that customers get rewarded when they do their buying at a certain store. These loyalty companies have residual stocks regularly, since they want to offer their customers new loyalty programs, with different products. Usually the products where the customer can collect points for, are high quality products, since only then it is worth collecting points.



Figure 8: Product movement in case of surplus inventory at loyalty company

The products 4Everyware has in their stocks, usually come from loyalty companies, manufacturers and insolvent companies. In most cases, the products end up in retail stores and web shops.

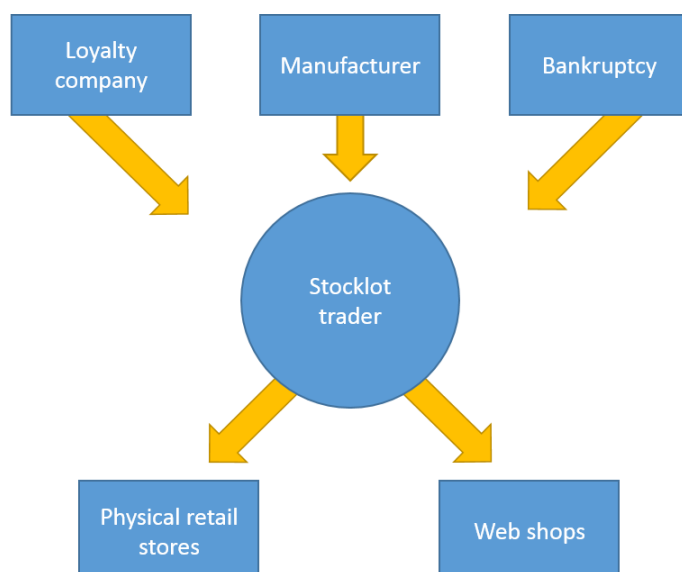


Figure 9: The origin of surplus inventory and its destination

4Everyware focuses on premium household brands. Kitchen equipment, and home textiles are the most important product categories. Other product categories include glass, consumer electronics, sport articles and toys. As the company deals in surplus inventories, the product range varies every day. Almost all consumer goods are suitable for stocklot trading. Despite of that, usually companies specialize on a certain field. The first line one could draw is the separation between food and non-food products. The choice a company makes depends on how much risk a company is willing to take and the availability of connections within the market. In general, there is more risk involved for product groups with food. Examples of those risks include expiration dates, regulations and safety for food products. Most of the stocklot traders, do business in non-food consumer goods. Often the products purchase price is between €0,01 and €20. Because stocklot dealers are dependent on surplus inventories of manufacturers and loyalty companies, the assortment is always different.

Surplus inventories can occur because of various reasons. The most common reasons are: overproduction, low capacity utilization, bankruptcy, obsolete products and wrong delivery. Overproduction can cause major problems for companies. Many companies produce based on the expected sales in a certain period. It can occur that the expected sales were higher than the realized sales. On the short run, this does not necessarily cause major problems. However, on the long run it can cause problems. In case the produced products are being stored for a longer time, it causes extra storage costs. These costs cause a lower profit margin. In the worst case the production has to be stopped because a lack of storage space. One solution one would think of first is lower the sales price, since in general, a lower sales price leads to more demand. However, this way of thinking is not the only, and not always the best solution. When a company offers their products for a lower price, the products value might

decrease permanently. Another risk is that the market will be saturated. In the worst case, the company, brand, or product will suffer permanent damage to their image because of the low prices.

A second reason how surplus inventories occur, is a low capacity utilization. In these cases, it is more expensive to stop the production process than to sell the products for lower prices. A solution for these kind of production companies is to create a partnership with a stocklot dealer.

When a company goes bankrupt, they have to deal with creditors and unsold stocks. One of the tasks of a curator is to convert assets into cash, to pay the creditors with. A solution for the curator is to put the remaining stock to auction. Another solution is to offer the remaining stock to stocklot dealers. It can also occur that a company sells their remaining stocks to a stocklot trader by their selves before an official bankruptcy.

A company usually wants to offer their customers something new from time to time. Another reason of occurring stocklots is obsolete products. Especially companies who pick up on trends have a risk to end up with obsolete products. These companies can be clothing producers, but also technology producers. The demand of the obsolete products is declining, and new products are entering the market. These producers want to get rid of their old stocks as soon as possible.

It can occur that a company receives wrong products, which they did not order. Sometimes it is not possible to return the products, for various reasons. Also it occurs that products that are being imported have restrictions or penalties, which the ordering company did not know about. This happens for example in the harbour of Rotterdam. Products are being delivered to the harbour, but they never got picked up. A fast way for the harbour to get rid of those products is to offer them to stocklot dealers.

4.3 Buyer behaviour

Everyware's customers usually can not do a straight rebuy, since the products that are in stock are always different. A modified rebuy is possible, for example when a customer buys other products in the same category. A new buy is possible when the customer buys products from a category they have never bought from yet. A returning customer will usually not be able to do a straight rebuy, simply because the same products are not naturally available anymore. For a customer this can be inconvenient.

4.4 Entering foreign markets - 4Everyware

The client company has been operating internationally from the moment it had been founded. The reason for this is that stocklot products are not always allowed to be sold in the same country as where they were bought. Manufacturers or loyalty companies can forbid to sell the products in a certain country. These restrictions are being made by these parties to not be a competitor of their own products.

As mentioned in the company introduction, the sales growth during the financial crisis was high. Now that the situation has normalized, 4Everyware seeks to achieve an increase of sales through developing their foreign activities and creating long-lasting relationships. That is one of the proactive motives for internationalizing. Another proactive reason is that 4Everyware believes in the market opportunities in Germany. Reactive motives include the small domestic market and unsolicited foreign orders.

The entry mode the client organization is aiming for is cooperative exporting. The logistic operations have been outsourced. Pricing and conditions issues are carried out by the client company itself. The sales representatives the client company has, also sell products in Germany often. However, these persons have not been able to acquire key customers in this country.

4.4.1 Ansoff Matrix

As discussed in the sub chapter Ansoff Matrix in the theoretical discussion, there are four strategic directions an organization can approach internationalization with. By aiming to create a stronger position in the German market, 4Everyware is selling existing products in new markets. When applying the Ansoff Matrix to the client company, it is clear that 4Everyware chose the market development strategy. The client company is seeking to find new customers with similar needs as existing customers. The client organization is only able to offer existing products on new or existing markets, since the client organization does not produce products by themselves.

4.4.2 Porter's Generic Strategies

The management of 4Everyware decided to distinguish themselves from their competitors. When Porter's generic strategies theory is applied to the client company, one can see that the chosen strategy is the differentiation strategy. The client company aims to distinguish themselves from competitors by only buying and selling premium brands. In addition to that, the client organization developed a mobile application which makes the current stocks insightful for their clients. In this industry, the client company is the only one with this kind of

mobile application. The differentiation strategy can be successful in Germany, since competitors seem not to focus on premium brands. Additionally, premium brands are present in many types of German stores, what will be discussed later.

4.4.3 Porter's Five Forces

The customers of 4Everyware have moderate bargaining power. 4Everyware differentiates itself from competitors by only dealing in premium brands. That is a reason for a customer to buy at 4Everyware and weakens their bargaining position. The reason for this is that many other stocklot traders do not deal in premium brands. However, the customer can buy the same products at the official manufacturer, although the prices will be noticeably higher.

4Everyware maintains a strong relationship with its suppliers. Both of the parties commit to the agreements they have made. The suppliers have high power, since without stock the client company cannot operate. A threat is that other stocklot companies offer higher prices for the stocks of the suppliers. Another threat is that the manufacturer or loyalty company starts to skip the intermediate and offers their surplus inventories directly to retail organizations or online shops. Finally, the suppliers might offer products that are not allowed to be sold in Germany, due to restrictions.

There is a threat of new entrants. In terms of investment it is not difficult to enter the market. However, building up a network is very important since it not always allowed to sell goods in the country they have been bought. Creating a network and gaining experience in the industry takes time. The client organization possesses both a broad network and experience, hence it is not expected that 4Everyware would fail entering the German market due to lack of experience or a too narrow network.

There is no threat of substitute products. Products that 4Everyware deals in, are household goods that consumers need in their homes. Product ranges like pans, ceramics and cutlery that the client company has in stock are found in many kinds of stores. Therefore, it is expected that the threat of substitute products is low in the new market. However, a possible substitute for 4Everyware's products are non-premium brands.

Based on informal observations during the B2B fair, the researcher noticed a clear difference between the client company and other exhibitors at the fair. The exhibitors were mainly from The Netherlands, Germany, The United Kingdom and Poland. Competitors did not have nearly as many quality brands as 4Everyware has. Therefore, the intensity of competitive rivalry is considered as low, since competitors do not seem to focus on premium brands. The products

that competitors offered, are not a threat for 4Everyware in battle of the German retailer chains.

4.5 PESTEL analysis for the German market

In this section of the thesis, the PESTEL analysis will be explained. The analysis focuses mainly on political, economic, socio-cultural and technological factors that might affect the operations of the client company in Germany.

4.5.1 Political factors

After the Second World War Germany was split up in two parts; West-Germany, or BDR, and East-Germany, also known as DDR. In 1990 Germany was reunited as one country after being separated for 45 years. Currently, the country is divided into 16 states (Germany Insider Facts no date). (West-) Germany was one of the six countries that established the European Coal and Steel Community. This ECSC was the precursor of the current European Union. Germany is still part of the European Union and it is the strongest economy in the Union. One of the benefits of being part of the Union is that goods can be moved freely (Hollensen 2014).

Below a figure shows the old borders of Bundesrepublik Deutschland and the Deutsche Demokratische Republik. This border does not exist anymore since 1990. Currently, this seems not to be relevant anymore for a market analysis. However, there are still significant differences in for example disposable income and GDP per capita when West-Germany is compared with East-Germany. Figures in Economic factors of the PESTEL analysis show these differences. Western Germany has a higher disposable income and a higher gross domestic product. The development of the GDP is also in the favour of West-Germany. East-Germany is behind, and will get more behind when this development continues.



Figure 10: Germany, East and West separated (stepmap.de)

In Germany trucks that weigh more than 12.000 kilograms are charged with a toll. The height of this toll depends on the weight of the truck. Starting from first of October 2015, the minimum weight for paying toll will be lowered to 7.500 kilograms. The German government charges these trucks, so that it is possible to keep investing in the infrastructure of Germany. This toll is also seen as a compensation of the pollution that is caused by the trucks. Starting from 2016, also normal cars are being charged to use the German highways (Toll Collect 2015).

Two players dominate Ecommerce in Germany. Amazon is the largest player, followed by Otto. These two players combined, own almost half of the total German Ecommerce market. On third and fourth place Zalando and Notebooksbilliger (Notebooks cheaper) can be found. The top 5 is closed by Bonprix, which is owned by Otto. During the study the client company and the researcher agreed to not include Amazon in the results. The reason for this is that there are many individual sellers on this online platform. Germans have numerous of reasons to buy online. 65% of the consumers shop online because of 'targeted search for deals' and 'browse in peace'. 'No other option', 'access to many retailers', 'cheaper', 'shopping on Sunday', 'saving time' and 'no crowds' are also popular motives to buy online (Most important reasons... 2015). When shopping online, Germans prefer to pay with an online payment service. Purchase on account is a second favourite of the Germans. Paying with credit card, direct transfer and advance payment represent together 25% (Ecommerce News 2015).

The total online spending in 2013 in Germany was 49,7 billion Euros. 2.3% of the gross domestic product was associated with ecommerce in 2013. Germany holds a third place in average spending online. German consumers spend €1.585 on average per year. Austria and Switzerland hold positions one and two. Worth mentioning is that numerous German web shops also have an option to ship their products to Austrian and Swiss consumers (Ecommerce Europe 2014). The online spending can be divided into two groups. 60% of the online turnover can be linked to goods. The remaining 40% are service related purchases (Ecommerce Europe 2015).

Home textiles were bought 20% online and 80% offline in Germany in 2013. It is expected that in 2018 23,7% of the home textiles will be bought online. In 2009 the online market share was only 9,8% (Share of offline and... 2015). The total spending on home textiles in 2014 in Germany was 7,94 billion Euros (Total market of... 2015). Between 2008 and 2014 the import of home textiles has increased with almost one billion Euros. In 2008 the total import of home textiles was 3,50 billion Euros. In 2014 this the total import of home textiles was 4,35 billion Euros (Import of home textiles... 2015).

Glass, porcelain, ceramics and household goods were bought from several channels in 2013. From largest to smallest market share: Specialists store, wholesale, furniture centre, grocery store, other, Internet, hypermarkets, department stores (Spending per consumer... 2014). Even though the specialist store has the highest market share, it is not suitable for 4Everyware. The reason is that 4Everyware sells in large volumes. All the other channels are suitable for the client company.

When analysing the top 10 of the most purchased product groups online, one can see that the product groups 4Everyware offers are represented in this top 10. Product groups that the client company offers are represented on place two, five and seven (Top 10 most sold... 2015). The client company is convinced that the online market will grow rapidly in the future and thinks it is of vital importance to also have business partners in this field. That is why the web shops with the highest turnover were analysed. A selection of the top 100 largest web shops can be found in Analysis of the German retail and online landscape.

Product category:	Turnover in billion (€)
1. Clothes	8,5
2. Consumer electronics	4,6
3. Books	3,8
4. Shoes	2,8
5. Household goods	2,4
6. Computer and accessories	2,5
7. Furniture and decoration	2,2
8. Hobby and leisure products	2,0
9. Data storage equipment	2,0
10. Telecom, mobile phones and accessories	1,8

Table 1: Most sold product categories online in Germany in 2014

(Top 10 most sold... 2015)

4.5.2 Economic factors

In order to get an insight in the attractiveness of the German market, it is necessary to analyse the customer's client of 4Everyware. Therefore, it is necessary to gain knowledge about income, gross domestic product, consumer buying behaviour and demographics.

The average disposable income varies per state. All the former BRD states have a higher disposable income than the former DDR states. These differences in disposable income increase, since the percentage of increase is higher in the BDR states (Disposable income per... 2014). The same situation is occurring when the gross domestic product is analysed. The West of Germany seems to be wealthier than the East (Gross domestic product... 2014). "GDP, or gross domestic product, is the market value of the final goods and services produced within a country in a given time period" (Parkin 2012). The currency in Germany is Euro, which is the same currency as the company uses on their home market.

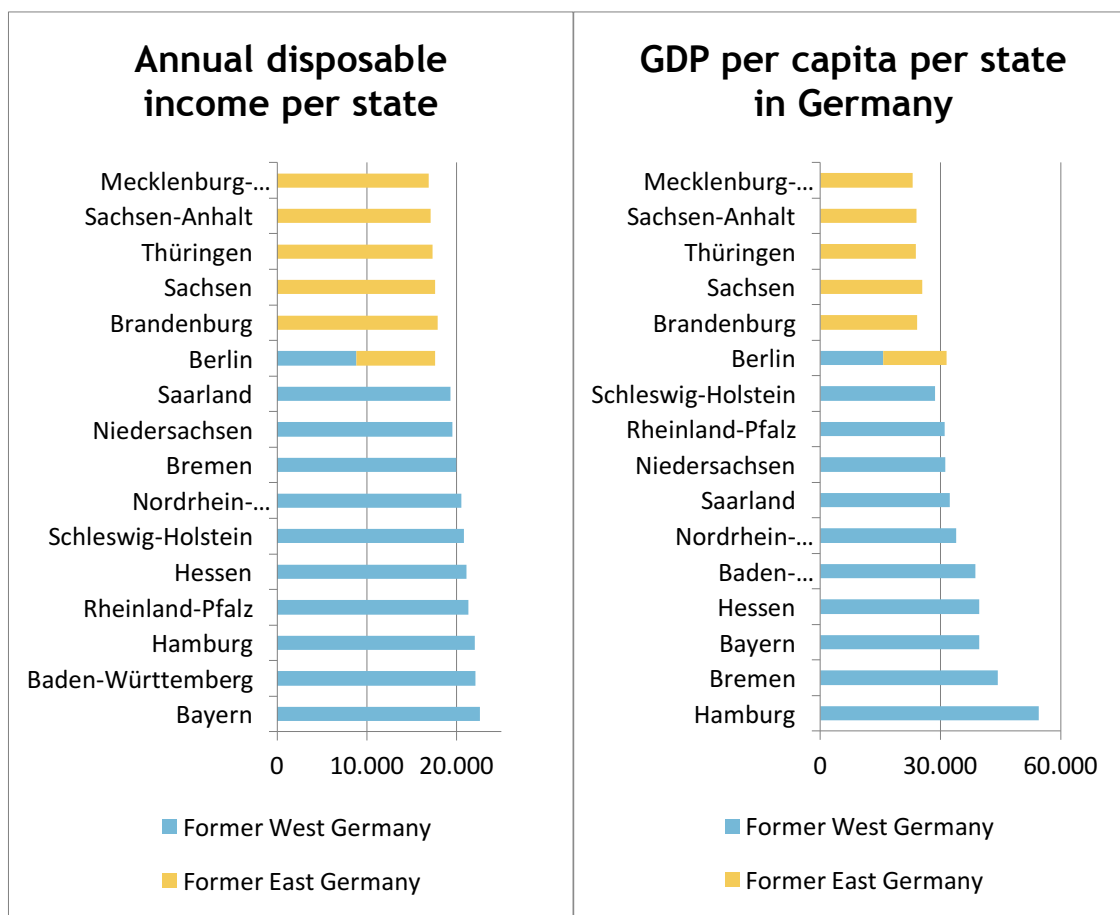


Figure 11: Annual disposable income and GDP per capita per state in Germany in 2013
(Disposable income per... 2014)
(Gross domestic product... 2014)

Within the countries that use Euro, the consumer price inflation is measured by the Harmonised Index of Consumer Prices (HICP) (European Central Bank no date). In the table below, Germany's HICP rates compared to the average of Europe (Inflation.eu 2015). It is clear that Germany's HICP is lower than the average in Europe. In 2014 the HICP was negative on average in Europe. According to the Vice President of the European Bank, the reason was the decrease of the oil price (Deutsche Welle, 2014).

	2004	2008	2010	2014
Germany	2,27	1,13	1,85	0,09
Europe	2,35	1,63	2,21	-0,17

Table 2: Inflation rates of Germany and Europe
(inflation.eu 2015)

4.5.3 Socio-cultural factors

Germany has the most inhabitants of the European Union. The population totalled 80,9 million in 2014 (Germany compared with... 2015). The former DDR (East-Germany) possessed approximately 30% of land of the current Germany. Only 17% of the Germans live in this area. The other 83% lives in the former BRD (West-Germany) (Population of the... 2014).

The population of Germany is currently declining, and will continue to decline during next decades. In 2050, the expected amount of inhabitants is 74,72 million. In 2014, the population decreased -0,18%, while the total inhabitants in Europe grew with 0,22% (Indexmundi 2015).

	Inhabitants	Density per km ²	Growth	Area (km ²)
Germany	80.996.685	225	-0,18%	357.021
European Union	511.434.812	120	0,22%	4.329.402

Table 3: Germany and EU compared
(Germany compared with... 2015)

The life expectancy rate, for birth in 2014 in Germany is 78 for men, and 83 for women. In total, there are more women than men in Germany. However, under the age of 55, there are more men. Since the life expectancy of women is higher, there are more women than men that are over 55 years old (Life expectancy rate 2015).

13% of the German inhabitants are younger than 15 years old. 21% of the German population is older than 65 years old. The remaining 66% is between the age of 15 and 65. The labour force consisted of 42,6 million people in 2014 (Labour Force 2015) and the unemployment rate was 5% (Unemployment rate 2015).

In Germany, 34% of the population is catholic. The same percentage applies to Protestants. 3,7% of the inhabitants is Muslim. 28,3% has another, or no religion (Religion in Germany 2015). Of the total population in Germany, 91,5% is German. 8,5% of the inhabitants are foreigners. Of that percentage, 2,4% is from Turkey. The rest of the inhabitants are from other countries (Ethnicity in Germany 2015). The migration rate in Germany was 1,06/1000. This number shows that there are 1,06 immigrants on a population of 1000 people in Germany in 2014 (Migration rate 2015).

According to Business Culture (no date) it is important to approach Germans in their own language, especially in the early stages of a relationship. This approach could create more familiarity and trust for the potential customer.

Germany imports the most from The Netherlands. The import value has been doubled from 2001 to 2014 (German imports from... 2014). China and France are ranked second and third (Ranking of the most... 2014). Germany exports the most to France, The United States and The United Kingdom. In 2014 Germany was the third largest exporter in the world (Largest exporters in... 2015).

Discount stores are popular in Germany. There are several large chains of household discounters. In face-to-face interviews, carried out by Statista, it was concluded that a reflection of the society of 42,45 million Germans fully agreed, agreed, agreed mostly or somewhat agreed to the question "I like to buy cheap products in 1 Euro shops or stocklot stores (Survey in Germany... 2014). "Discount stores still comprise the most rapidly growing segment. After significant expansion in recent years, this format continues to achieve the highest sales area expansion rates. Turnover remains comparatively stable despite the crisis." While the growth in the grocery store segment is slowly levelling out, expansion among non-food discount stores continues unabated. Discount stores are still loved by the Germans. Success factors are the good price-performance ratio as well as the ubiquitous availability and familiarity" (GfK GeoMarketing 2010). In addition to this, the density of discount stores is higher in the East of Germany. This can be linked to the lower disposable income in these states.

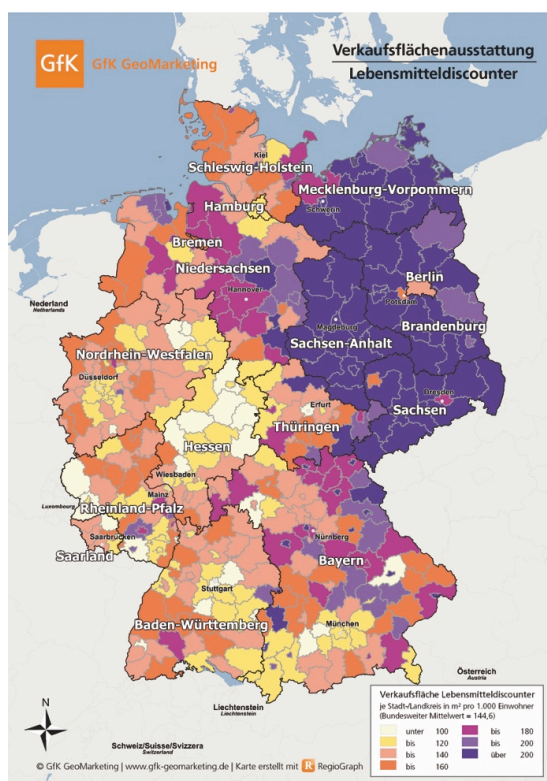


Figure 12: Density of food discount stores (GfK GeoMarketing 2010)

Despite The Netherlands and Germany are neighbouring countries; there are some noteworthy cultural differences. The model of Hofstede shows similarities when The Netherlands is compared with Germany. However, Masculinity is the largest difference between the two countries. The Netherlands is a feminine country, while Germany is a Masculine country.

In Germany, the Power Distance is 35, which is quite low. It means that 4Everyware has to take in consideration that it is common in Germany to use a direct and participative communication and meeting style when dealing with their German clients (The Hofstede Centre 2015). This is not expected to be a problem, since the Power Distance in The Netherlands is 38. These scores show that the situation in both countries is similar to each other.

With a score of 67 Germany is very individualistic which means that the representatives of 4Everyware have to communicate directly and honestly with the German business partners. However, The Netherlands is considered even more individualistic, since the score is 80 (The Hofstede Centre 2015). The difference is not very large, so no difficulties are expected there.

Germany is a very masculine society with a score of 66, while The Netherlands is considered as a feminine society, with a score of 14. It is important to highly respect the German clients because for them it is very important to be respected. They also want to show status, for example by watches or cars (The Hofstede Centre 2015). This dimension shows the largest cultural difference between The Netherlands and Germany.

Germany has a high score of 65 of “Uncertainty Avoidance” which means for business relationships that German clients require a high expertise. The Netherlands also tends to avoid uncertainty, although not as much as Germany. During all the communication it is important to point out all the hard facts of the products to convince German buyers (The Hofstede Centre 2015).

Both countries are rated as countries with a long time orientation culture. Both Germany and The Netherlands are assessed as countries with a pragmatic culture. Both cultures are able to adapt traditions to changed conditions and have a thrift to achieve results (The Hofstede Centre 2015).

The Netherlands has a culture of indulgence. Germany is a culture of restrained. Germans tend to show more cynicism and pessimism. The German culture does not put much emphasis on leisure time. This dimension shows the second largest cultural difference (The Hofstede Centre 2015).

Most of the dimensions are similar when Germany is compared with The Netherlands. However, there are two significant differences in the cultures. Masculinity and Indulgence show the largest differences when comparing the two countries.

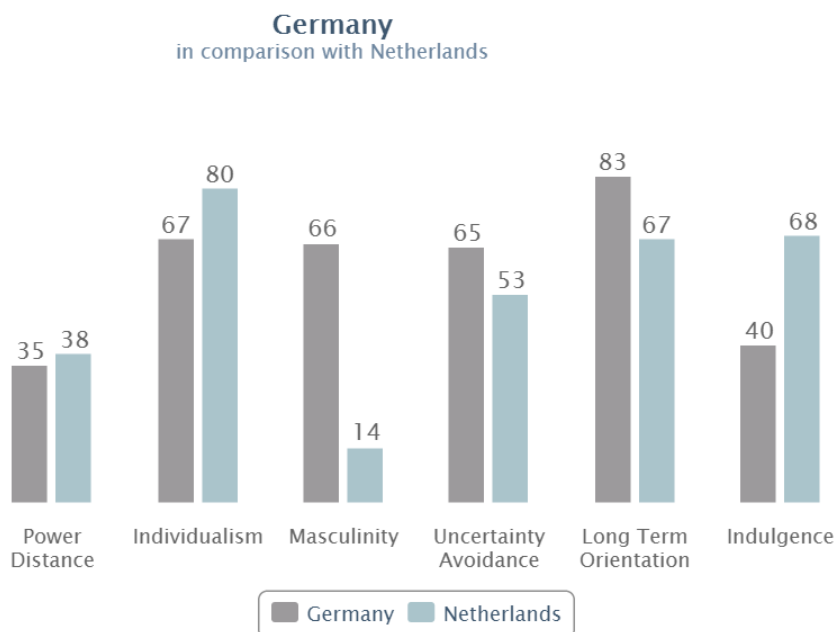


Figure 13: Germany's culture according to Hofstede compared with The Netherlands (The Hofstede Centre 2015)

4.5.4 Technological factors

Germany has the most registered patents in the European Union. Germany owns more than 6.000 patents of a total of 52.000 around the world. This makes Germany, together with the United States and Japan, one of the three most innovative countries in the world (Facts about Germany no date).

Germany has an excellent infrastructure which is known all over the world. Transporting goods and passengers is highly efficient and the capacity is enormous (Germany Trade & Invest no date).

In 2013 the Internet access in Germany was 86%. This means that in Germany, 70,5 million consumers had access to the Internet. Not all the Internet users are e-shoppers. 40 million Germans shopped online in 2013. 9% of all retail sales were processed online (Ecommerce Europe 2015).

13% of the Germans have a XING account and 5% have a LinkedIn account. XING has more members in Germany, but the LinkedIn users seem to be more active and LinkedIn has more hits in Germany (Social Media Week, 2014).

In February 2009, XING reached its highest point in search volume on Google in Germany. This point is the basis for further periods (100%). LinkedIn only had 4% of XING's search volume in that month. In June 2015, XING had 67%, LinkedIn had 35% of the basis of 100% (Google Trends 2015). This means that the searches for XING declined 23%, and LinkedIn increased by 31%, compared to February 2009.

XING has more members, but LinkedIn is growing faster. XING and LinkedIn are useful to find employees of the company and their positions. LinkedIn has more and better reviews in the Apple store.

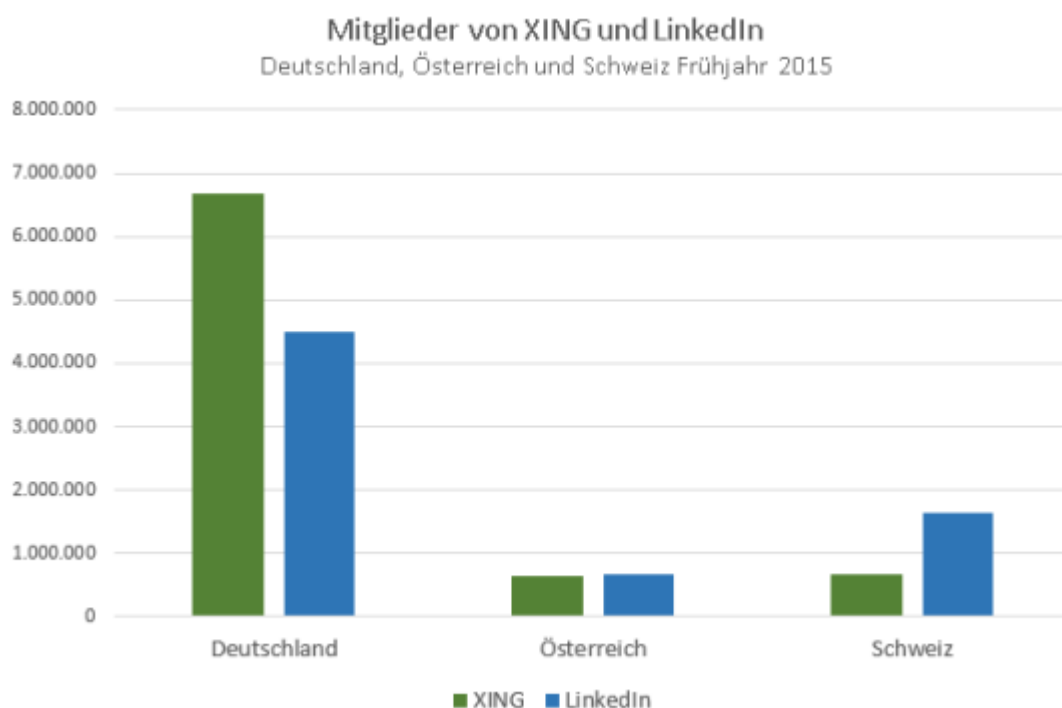


Figure 14: Amount of XING and LinkedIn users in German speaking countries, spring 2015 (LinkedInsiders 2015)

Although XING has more members, LinkedIn has more page views. There is every reason to believe that LinkedIn will outpace XING within a few years. However, there is plenty of information available on XING that can be used for business purposes.

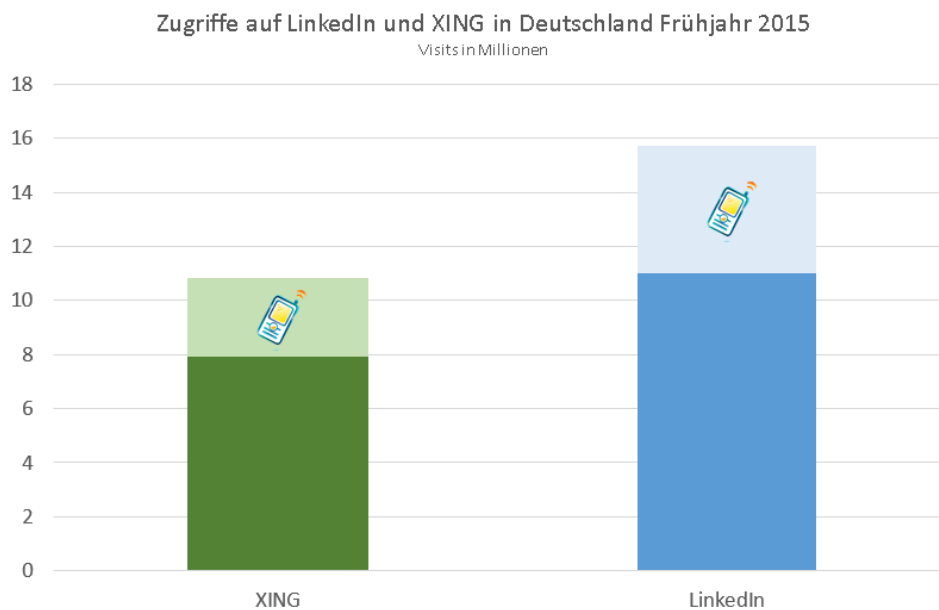


Figure 15: XING and LinkedIn in Germany, compared in usage, spring 2015 (LinkedInsiders 2015)

4.5.5 Environmental factors

Germany is not known for severe natural hazards. The only natural hazard that occurs is flooding (Natural hazards 2015). The climate of Germany is moderate. The North-West of Germany has a maritime influenced climate. Typical weather for this kind of climate is mild and cloudy winters and warm summers. Inland, the climate is continental. In this area, winters are colder and summers are warmer than in the North-West of Germany (Weather Online 2015).

4.5.6 Legal factors

In Germany laws and regulations are influenced by the European Union. In addition to that, international law also influences the domestic laws and regulations (Germany Trade & Invest no date).

Trademarks and patents are well protected in Germany. Foreign companies can also register their patent in Germany. Importers in Germany do not need an import permit or an import control declaration (Germany Trade & Invest no date).

European competition law ensures a fair competition in Germany. The legal stability attracts foreign companies to enter the German market. The law system in Germany has three levels. The highest level is the Federal level, the second one is laws on State level and the third one is local laws (Germany Trade & Invest no date).

4.6 Customer relationships

The researcher had access to the Customer Relationship Management software that the company uses. During the research period, the researcher noticed that not all the contact moments and what has been discussed were being recorded in the CRM system. For a growing company like 4Everyware, it becomes increasingly important to record all the contact moments with their customers and potential customers. Not only the contact moments should be documented, also the preferred communication language, and the method of contact should be documented. By doing this, employees do not have to ask the same questions every time there is contact. It could irritate a customer when it has to tell the same things every time.

The discussed theory about customer relationship management strategy has been introduced to the client company. The first step of the strategy has been carried out by the researcher. The results of the identification can be found in “The road to success in Germany for 4Everyware Stocklots b.v.”

4.7 Analysis of the German retail and online landscape

During the study, the German retail market and online business has been analysed. The researcher aimed to find suitable business partners and provided their contact information to the client company.

The largest retailers in Germany are interesting for the client company. In The Netherlands and The United Kingdom, the client company already acquired a couple of large retailer chains. Therefore, the expectation is that there is no additional experience needed.

To be able to find suitable customers, the researcher compared the client company’s assortment to the assortment that the potential customer has. Also existing customers with a comparable assortment are taken into consideration while searching for suitable customers. This is done by analysing their product buying in the CRM system. A segmentation has been made per type of store: supermarkets, sport retailers, furniture- and household stores, non-food discounters and web shops. After the segmentation, the researcher collected contact information of buyers. The complete collection of data of German company information and the contact information is available in the document: “The road to success in Germany for 4Everyware Stocklots b.v.”.

Organization:	Turnover in million: (€)
1. Edeka	47.200
2. Schwarz-Gruppe	33.800
3. REWE	29.934
4. Aldi	27.505
5. Metro Group	25.478
6. Amazon	10.400
7. Lekkerland	7.443
8. Otto	7.139
9. Globus	6.690
10. DM-Drogeriemarkt	>6.000

Table 4: Largest retail chains in Germany 2014
(Retail Index 2015)

When comparing Germany's largest retailers with 4Everyware existing customers and their product ranges, Aldi, Amazon, Lekkerland, and Globus do not fit in the picture. The reason for this is that Aldi does not sell premium brands, while 4Everyware only trades in premium brands. Lekkerland and Globus focus on food, while 4Everyware focuses on non-food products. The remaining largest retailers fit in the profile of existing customer, common assortments and are comparable to existing customers. Edeka, Schwarz-Gruppe and REWE are supermarket chains can be compared with existing customer Auchan in France. Metro Group is the parent company of a subsidiary in The Netherlands which is an existing customer. Otto offers numerous products that match with the household assortment of the client company. DM-Drogeriemarkt is a drug store chain and can be compared with existing customer A.S. Watson in The Netherlands.

There are numerous household discounter chains in Germany. These discount stores might be the most interesting companies for 4Everyware Stocklots, since most of the articles 4Everyware Stocklots sells suit these companies. Also there are numerous existing customers operating in this industry. Turnover rates were not found during the research; therefore, the amount of stores have been used as an indicator.

Organization:	Stores in Germany:
1. KiK Textiles and Non-food	2.600
2. NKD	2.000
3. TEdi	1.150
4. Mäc Geiz	260
5. Woolworth	260
6. KODi	250
7. Thomas Philipps	240
8. Euroshop	230
9. Pfennigpfeiffer	110
10. REPO	60

Table 5: Largest non-food discount stores in Germany in 2015
(Organizations web sites)

The client company does not have any furniture centres as their customer at this moment. Furniture stores sell additional products including ceramics, glass, cutlery and cooking equipment and are therefore potentially interesting for the client company. During the research this category was discussed. The client company was positive about the possible fit between the two parties. Therefore, the largest furniture centres in Germany have been analysed. Turnover rates were not found during the research; therefore, the amount of stores have been used as an indicator.

The largest player is Dänisches Bettenlager, in several other countries known as Jysk. The origin of this company is Denmark. Therefore, the buying department is located in Denmark. The client company can get in contact with Jysk in Denmark.

The headquarters and buying department of the number five largest furniture centre in Germany is based in Austria. The client company needs to contact XXXLutz Gruppe in Austria, since decisions concerning buying are being made there. Number seven in the top ten of furniture centres in Germany is Ikea. This company is not suitable for 4Everyware, since Ikea has its own production for its products. The remaining seven organizations are considered suitable for the client company, since their assortment fits the client company's assortment and the amount of stores indicates that their potential purchasing volume is the desired volume the client company looks for, when the amount of stores are compared to existing clients.

Organization:	Stores in Germany:
1. Dänisches Bettenlager (JYSK)	895
2. Roller	156
3. Porta Gruppe	124
4. Poco	104
5. XXXLutz Gruppe	54
6. Höffner	51
7. Ikea Deutschland	48
8. Culinoma	43
9. Schaffrath	35
10. Segmüller	27

Table 6: The largest furniture centres in Germany in amount of stores in year 2013
(Largest furniture stores... 2014)

Department stores have a versatile range of products. The client company indicated that they are interested in department stores as customers. The reason for this is that the client company can offer them almost all the products that are in their stock. Currently, the client company has one department store in their customer portfolio.

Organization:	Turnover in million: (€)
1. Galleria Kaufhof	2.920
2. Karstadt	2.600
3. Müller	2.480
4. Breuninger	540
5. Woolworth	390
6. Ludwig Beck	90

Table 7: Largest department stores in Germany in 2014
(Handelsdaten, 2014)

Ecommerce is growing every year in Germany. As will be described in the PESTEL analysis, it is expected to still grow tremendously. That is why a selection of the largest web shops is included in this report. The full Top 100 in 2014 of web shops with the highest turnover is included as a list in the attachment "The road to success in Germany for 4Everyware Stocklots b.v.".

Organization:	Turnover in million: (€)
1. Otto	1.990
2. Baur	270,7
3. MyToys	297
4. Weltbild	179,9
5. Pearl	166,8
6. QVC	165,2
7. KLiNGEL	141,9
8. GetGoods	127,3
9. HSE24	119,7
10. Home24	110,1
11. Schwab	105
12. Bader	102,2
13. Jago24	50,4

Table 8: The largest web shops in Germany with a similar product range in 2014 (Turnover of the 100... 2014)

In addition to the industries discussed above, sport retailers and drug stores business information and employee information are also included in the document “The road to success in Germany for 4Everyware Stocklots b.v.”.

4.8 Survey results

As discussed in the socio cultural part of the PESTEL analysis, for Germans it is important that they are being approached in their own language. Due to the fact that the interviewer’s German language skills are not good enough, the respondents were approached in English.

12 out of 15 respondents have a preference to be approached in German through all communication. The other 3 German companies answered that they prefer English, since they do a lot of international business. The respondents were allowed to choose multiple reasons why they want to be approached in a certain language. The reason why the majority of the German companies prefer to be approached is mainly because it is their mother tongue, 10 out of 15 respondents gave this as an answer. 5 out of 15 respondents add that their English is not good enough.

As mentioned in the technological part of the PESTEL analysis, XING seems to be the most popular professional network in Germany. The survey results confirm this, since the 13 out of

15 respondents use XING. The second most popular social network is LinkedIn; 8 out of 15 respondents use LinkedIn. The 3 companies that prefer being approached in English all use LinkedIn. 6 out of 15 respondents declared to use Facebook.

When the buyers were asked about their purpose of using social media, they were allowed to choose multiple answers. 12 out of 15 respondents use social media to find new business contacts. The second most frequent purpose is staying in touch with existing contacts. 10 out of 15 respondents indicated that they use social media to keep in contact with their relations. 9 out of 15 respondents answered that they also use social media for following the news of the business contacts and their industry. Striking is that only 3 out of 15 respondents use social media for searching for offers. 1 out of 15 respondents closes deals through social media.

Only 2 respondents have never done business that can be linked to social media. 5 respondents answered that they have sometimes done business linked to social media. 6 respondents have done business often linked to social media, and 2 respondents answered very often. With this question the researcher wanted to find out if business deals ever begin through social media as a first contact.

When the respondents were asked about the importance of social media for their organization, they could choose from a scale between 1 and 4. 1 means not important at all, and 4 means very important. 2 respondents answered that social media is not important at all for their organization. Not coincidentally, those respondents are the 2 that have never done business thanks to social media. 11 out of 15 respondents answered important or very important. The remaining 2 answered that social media is fairly important.

The respondents were allowed to choose multiple answers when they were asked about their reason to visit the fair. 13 out of 15 respondents answered that they were visiting the fair for buying purposes. An equal amount of respondents answered they were visiting to expand their business network. 3 of the respondents answered that they were also visiting to sell their products.

The last question of the interview was: Would you like to receive the 4Everyware newsletter? 67% answered yes, so there is a demand for the newsletter. For the German market, this newsletter should be translated into German, or even better, create one for the German market. Typical German events could be included, to make the newsletter interesting for the German reader.

4.9 SWOT 4Everyware

The client company's strengths include experience in maintaining a B2B relationship with large retail chains. In addition to that, 4Everyware chose a clear strategy of differentiation, which distinguishes them from their competitors. The 2 sales agents in Germany speak German which are active in Germany, speak German to a certain degree.

The client company also has a couple of weaknesses at this moment. The client company has large clients from several countries. Germany is not one of those countries yet. Agents speak German, but are not native speakers. As mentioned in the socio-cultural factors of the PESTEL analysis, it is important to Germans that one can write and speak German without making mistakes. Employees at customer service and financial administration do not speak German.

The lack of liquid assets slows down the growth. 4Everyware cannot buy all the stocks that they would like to buy. The reason for this is that in this industry almost all purchases are paid in advance. This causes problems for buying more stocks, since the products that are paid for, are not delivered immediately. The delivery takes up to a month. After this month, the goods can be transferred into liquid assets. The B2C subsidiary of 4Everyware, 4Online, is a new organization which still needs financial support from the parent company, this also causes limitations in the liquid assets of 4Everyware, which slows down the growth.

Thirdly, the client company has a couple of opportunities. Germany is the most important export market for The Netherlands. Germany imports most goods from The Netherlands. When comparing the amount of inhabitants, the German market is 4,5 times larger. Large companies in several countries are already existing customers. It is likely that there are also interested companies in Germany. 4Everyware offers premium brands for discount prices, discount stores are popular in Germany. As described in the socio-cultural factors of the PESTEL analysis, the cultures of The Netherlands and Germany are quite close to each other. By being aware of the differences, 4Everyware can prevent falling into these pitfalls. The West of Germany is the wealthiest part of Germany. This part borders the home market.

Finally, the client company should be aware of the threats that can affect the operations. Companies that sell surplus inventories to 4Everyware want to produce as efficient as possible. When their supply meets the demand better, there might not be as much surplus inventory available for 4Everyware. Globalization makes it easier for 4Everyware's customers to find other dealers as well.

5 Conclusions and recommendations

After applying the PESTEL analysis and Hofstede to the German market and applying Ansoff's Matrix and Porter's concepts to the client company, it can be concluded that Germany is an attractive market to grow for the client company. Taking into consideration the cultural differences discussed in the socio cultural part of the PESTEL analysis, 4Everyware can succeed in Germany.

As mentioned in socio-cultural factors of the PESTEL analysis, it is important to communicate directly and honestly in Germany. Therefore, promises should be kept to show that the client company is a trustworthy organization. Germany seems to be a stable economy with relatively low risks to operate in.

As none of the customers are the same, it is important that the client company knows how to approach their customers. The preferred contact method should be documented in the CRM system.

By analysing the German retail landscape and German Ecommerce, it can be concluded that there are numerous potential customers. As discussed in subchapter Customer relationship strategy it is important to identify the customers. That is why research has been carried out and profiles have been created about the largest organizations and their decision makers. In addition to that, a first contact guideline has been created. These can be found in the document "The road to success in Germany for 4Everyware Stocklots b.v."

It is suggested that 4Everyware approaches potential client as shown in the figure below. For the largest retail organizations and largest web shops in Germany, the first step has been carried out by the researcher. When the customer is satisfied, there is a fair chance that a rebuy will be done and a long lasting relationship can be created. In addition to the model below, it is of vital importance to document all the contact moments in the Customer Relationship Management system. By doing this, it is easy for employees to see what has been discussed. It can be also a good reminder where the conversation stopped. The conversation can be picked up where it was stopped. Since the client company is growing rapidly, the importance of documenting the contact moments is increasing.

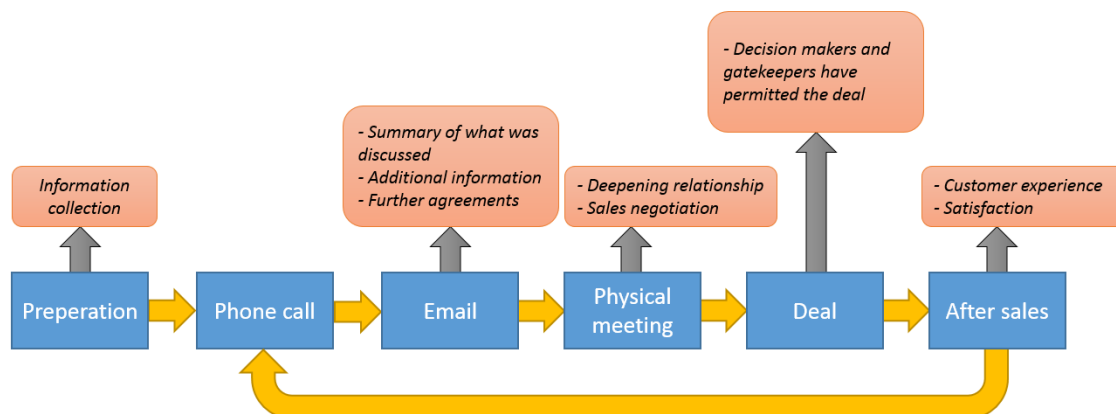


Figure 16: Suggested approach process

Besides building relationships with the large organizations, social media should be used to improve the visibility of 4Everyware in Germany. As shown in the questionnaire results, German companies use social media on a regular basis and think it is fairly important. Recommended is that 4Everyware uses social media more actively. Creating interesting and sharable content in German is the first step to achieve a better online visibility. Furthermore, it is recommended that 4Everyware starts to use XING, the most popular professional social network in Germany, to connect with customers and find business information.

Other recommended ways of communication is sending newsletter through email to German subscribers. Contents of the newsletters could have special themes, applied to the German market. An example of this could be the German Oktoberfest. Additionally, newsletters should include announcements of fairs, interesting offers and news related to the industry. Repeating the same content is disastrous for interaction through newsletters. Worth mentioning is that 4Everyware is in the possession email newsletter system with over 15.000 subscribers but has not been using it for the last two years.

To be more successful in Germany, suggested is that all the communication is done in German, including phone calls, meetings, newsletters and communication through social media. Approaching Germans in their own language is important especially in the early stages of a relationship to create trust and familiarity. By offering the highest possible convenience for the client, 4Everyware can strengthen its position as a differentiator.

To make offers to customers and potential customers, suggested is that the (potential) customers are segmented in groups. One could think of sport articles, kitchen equipment, glass and porcelain, toys, electronic devices.

In conclusion it can be said that the research objectives have been achieved, the research questions have been answered, and the client company has gained valuable information concerning the German market and its organizations.

6 Theoretical linkage

The theory described in the theoretical background was applied in the empirical study. Using the theories, it was possible to analyse the client company and the targeted market and create advice for the client company.

The chosen theoretical background was closely connected to the empirical study. During the research period the theory has been consulted numerous times. Without the theory, it would not be possible to come to such results and associated conclusions.

7 Summary

The German market has been analysed for 4Everyware Stocklots. This foreign market was analysed using several theories. The analyses came to a conclusion that German is a country with a lot of potential for the client company. Especially the popularity of discount stores in Germany attracts the attention.

The research conducted showed that the Business-to-business organizations visiting the fair are using professional network platforms actively and the respondents prefer to be approached in German. Additionally, the German respondents were interested in receiving a newsletter from the client company.

Many potential business partners from several industries have been found. Identifying all the organizations was a time-consuming activity, but the results are very practical for the client company.

Practical recommendations concerning customer relationship management, digital newsletters and social media are made for the client company. It is relatively easy to undertake action on the suggested areas.

I would like to thank the client company for the guidance during the research period. In particular, the manager of operations, who was my supervisor, provided me with valuable information for this thesis. Also I would like to thank my thesis supervisor for the guidance and support during the thesis.

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Figures

Figure 1: The Ansoff Matrix	12
Figure 2: Porter's Generic Strategies	13
Figure 3: Porter's Five Forces of competition	14
Figure 4: Theoretical framework	20
Figure 5: Types of case studies (Yin 2003, adapted by Gray 2009)	21
Figure 6: Product movement in normal cases	25
Figure 7: Product movement in case of surplus inventory at manufacturer.....	26
Figure 8: Product movement in case of surplus inventory at loyalty company	26
Figure 9: The origin of surplus inventory and its destination	27
Figure 10: Germany, East and West separated.....	32
Figure 11: Annual disposable income and GDP per capita per state in Germany in 2013 ...	35
Figure 12: Density of food discount stores.....	37
Figure 13: Germany's culture according to Hofstede compared with The Netherlands.....	39
Figure 14: Amount of XING and LinkedIn users in German speaking countries, spring 2015	40
Figure 15: XING and LinkedIn in Germany, compared in usage, spring 2015	41
Figure 16: Suggested approach process	50

Tables

Table 1: Most sold product categories online in Germany in 2014	34
Table 2: Inflation rates of Germany and Europe	35
Table 3: Germany and EU compared.....	36
Table 4: Largest retail chains in Germany 2014	43
Table 5: Largest non-food discount stores in Germany in 2015	44
Table 6: The largest furniture centres in Germany in amount of stores in year 2013	45
Table 7: Largest department stores in Germany in 2014	45
Table 8: The largest web shops in Germany with a similar product range in 2014.....	46

Appendixes

Appendix 1: Questionnaire59

Appendix 1: Questionnaire

Questionnaire at Eurotrade Fair Eindhoven, 24 June 2015

For my Bachelor Thesis I am researching the Social Media behaviour of the people that attend Eurotrade Fair in Eindhoven. Your personal details will not be shared.

Country: _____

1. How many employees does the company have?

- | | | | |
|---|----------|---|------------|
| 0 | 0 - 10 | 0 | 201 - 500 |
| 0 | 11 - 50 | 0 | 501 - 1000 |
| 0 | 51 - 200 | 0 | 1000+ |

2. In which language do you prefer to do international business?

- 0 Mother language, which is _____
- 0 English
- 0 Other, please specify _____

3. Why do you prefer this language?

- 0 Easier, mother language
- 0 International business
- 0 I don't speak English well enough to feel comfortable

4. For which purpose(s) are you at this fair? (Multiple selections allowed)

- | | | | |
|---|---------|---|-----------------------------|
| 0 | Buying | 0 | Networking |
| 0 | Selling | 0 | Other, please specify _____ |

5. Does the company use Social Media for business purposes? (b2b)

Does the company use Social Media for doing business with other companies?

- 0 Yes
- 0 No (Jump to question 12)

6. Which Social Media is used for this? (Multiple selections allowed)

- | | | | |
|---|-----------------------------|---|-----------|
| 0 | LinkedIn | 0 | Twitter |
| 0 | XING | 0 | Instagram |
| 0 | Facebook | 0 | Pinterest |
| 0 | Other, please specify _____ | | |

7. How many hours does a buyer at your company spend on average per week on Social Media?

	0	1-5	6-10	11-15	16-20	20+
LinkedIn						
XING						
Facebook						
Twitter						
Instagram						
Pinterest						
Other						

8. For what are these Social Media used? (Multiple selections allowed)

- | | | | |
|---|----------------------|---|-------------|
| 0 | Finding new contacts | 0 | Close deals |
|---|----------------------|---|-------------|

0	Stay in touch with existing contacts	0	Search for offers
0	Follow news about companies	0	Other,
			please specify _____

9. How important are these Social Media to the company?

0	Not important at all	0	Not so important
0	Important	0	Very important

10. The company did business last year, thanks to the use of social media:

0	Never (Jump to question 12)	0	Sometimes
0	Often	0	Very often
0	I don't know		

11. The deals the company got through social media, they are mainly:

0	New contacts
0	Existing contacts
0	Other, please specify _____

12. How did you hear about this fair? (Multiple selections allowed)

0	EuroTrade web site	0	Google
0	Business contacts	0	Advertisement
0	Other search engine	0	Social media
0	Colleague	0	Other, please specify

I am interested to receive 4Everyware Stocklots b.v. Newsletter

0	Yes	0	No
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Email address:

Thank you for your time.